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OWNER AND THREE EMPLOYEES OF BRONX PHARMACY CHARGED WITH
TRADING CASH AND MERCHANDISE FOR MEDICAID DRUG PRESCRIPTIONS

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that ANA I. ALMONTE, the owner of Larimar Pharmacy, a/k/a "Farmacia Larimar," located in the Bronx, New York, was arrested today on charges that she defrauded the Medicaid Program by exchanging cash and merchandise for the drug prescriptions of Medicaid beneficiaries. In addition, GREGORIA REYES, a/k/a "Nani," YOLAINE PERALTA, a/k/a "Yoli," and TERESA HOLGUIN, employees at Larimar, were also arrested in connection with the fraud charges.

According to a criminal Complaint unsealed today in Manhattan federal court, from in or about November 1, 2001 through in or about July 5, 2005, the defendants ran a scheme to defraud the Medicaid Program of reimbursement costs for prescription drugs which were never dispensed. As a Medicaid enrolled pharmacy, Larimar Pharmacy was permitted to dispense prescription drugs to Medicaid recipients who had valid prescriptions and then could seek reimbursement for the cost of

the drugs that had been dispensed to the patient by submitting a claim to the Medicaid Program for filling the prescriptions. Here, the defendants obtained drug prescriptions from Medicaid beneficiaries and provided the beneficiaries with payments of cash and merchandise, such as hair care products and phone cards, in lieu of the prescription drugs. Next, the defendants submitted false claims to the Medicaid program for reimbursement for the prescription drugs which had ostensibly been provided to the beneficiaries, but in truth had never been dispensed to the Medicaid beneficiaries or even sufficiently stocked by the pharmacy. By this scheme, the defendants were able to obtain and pocket the profits of the Medicaid reimbursement for the drug prescriptions, minus only the cost of the cash and merchandise provided to the Medicaid beneficiaries.

For example, as described in the Complaint, on or about June 18, 2004 at approximately 1:02 p.m., an undercover FBI agent ("UC"), posing as a Medicaid recipient, and a confidential source of information ("CS") entered Larimar Pharmacy to exchange drug prescriptions for cash and merchandise, which each had done in the past. The UC and CS approached the defendant YOLAINE PERALTA, who was standing behind a counter with the defendants ANA I. ALMONTE and TERESA HOLGUIN, and inquired about what Larimar would do with Medicaid prescriptions brought in by the UC. PERALTA indicated that she would speak with the defendant GREGORIA REYES, who joined the conversation, about the UC's new

prescriptions. REYES reviewed the new prescriptions while PERALTA stated to REYES and the CS that REYES had to make the decision about accepting the prescriptions because REYES had been the person who had dealt with the CS on prior occasions. REYES then advised the CS that ALMONTE did not want any new people.

The CS then approached ALMONTE regarding the UC's prescriptions. REYES joined them and REYES and ALMONTE discussed the UC's prescriptions. ALMONTE then spoke with employees in the back of the pharmacy regarding Medicaid reimbursement for Tylenol. ALMONTE then pointed to the prescriptions brought in by the UC and stated that there was only one of value. ALMONTE then told the CS and UC of her concern that people were aware that the pharmacy was exchanging money and merchandise for prescriptions. ALMONTE went on to state that this activity was a favor to the prescription-holders and that she benefitted as well. Finally, ALMONTE warned that the pharmacy's activities could result in problems with law enforcement and that if she were to get in trouble, others would go down with her. At this point, the CS told ALMONTE that the CS would take the UC back to the doctor and endeavor to get more prescriptions. ALMONTE gave the UC's prescriptions back to the CS, and the UC and CS left Larimar Pharmacy.

According to the Complaint, later, at approximately 2:00 p.m., the UC and CS returned to Larimar Pharmacy and advised ALMONTE that they had tried to get more prescriptions but were

unsuccessful. The UC then stated to ALMONTE that the UC did not want the prescriptions to go to waste and wanted to get something of value for them. The UC then gave ALMONTE the UC's Medicaid card and prescriptions. ALMONTE stamped the back of one of the prescriptions and had the UC signed the back of one and write the UC's address on the back of one. ALMONTE then wrote on a number of the prescriptions. Also, ALMONTE directed the UC to sign a patient log book. After having the UC and CS wait for a short period of time, ALMONTE returned to them with a white bag containing unknown items. ALMONTE then retrieved \$60 from a drawer and placed it in the white bag. ALMONTE then stated that the UC had \$90 due to the UC, had been given \$60, and that the UC could now select \$30 worth of merchandise. ALMONTE then told the UC not to divulge Larimar's scheme to anyone.

The UC selected a watch, a bottle of Pantene Pro-V Shampoo + Conditioner, a can of Salon Selective finishing spray, and a spray bottle of Salon Selective finishing spray. Using a calculator, ALMONTE then advised the UC that the UC still had \$1 to spend and asked the UC if the UC would like soap. The UC responded affirmatively and the soap was added. REYES, who was behind the counter with ALMONTE, placed all the items in a black plastic bag and advised the UC to place the white plastic bag inside the black plastic bag.

According to the Complaint, after the UC and CS exited the pharmacy, agents opened the bags which contained \$60 in cash,

the hair care products, one bar of Nivea Bath care soap, an unopened bottle of APAP (Acetaminophen) label "APAP 500mg tablet 100," one prescription label for "Requip 0.25mg tablet," one prescription label for "Aciphex 20mg tablet EC," one prescription label for "APAP 500mg Tablet," and one prescription label for "Zelnorm 6mg tablet."

The defendants ANA I. ALMONTE, GREGORIA REYES, a/k/a "Nani," YOLAINE PERALTA, a/k/a "Yoli," and TERESA HOLGUIN, a/k/a "Tere," are each charged with one count of health care fraud. If convicted on this charge, they face a maximum sentence of 10 years' imprisonment and a maximum fine of \$250,000 or twice the pecuniary loss or gain derived from the offense.

Mr. GARCIA praised the efforts of the FBI and the Department of Health and Human Services. Mr. GARCIA also thanked the New York State Department of Health, the New York City Bureau of Fraud Investigation, and the Office of the New York State Attorney General's Medicaid Fraud Control Unit for their assistance in the case.

Assistant United States Attorney BRET R. WILLIAMS is in charge of this prosecution.

The charges in the criminal Complaint are merely accusations, and the defendants are presumed innocent unless and until proven guilty.